

Rev. Rul. 67-264, 1967-2 C.B. 196

An association of nonprofit consumer cooperatives which promotes the cooperative method of doing business may qualify for exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code of 1954.

Advice has been requested whether an association of nonprofit consumer cooperatives may qualify for exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code of 1954.

The association's purposes are to promote the cooperative method of service, production, and distribution; to spread knowledge of the history, principles, and methods of the cooperative movement; to encourage the formation of cooperatives; and to unite consumer cooperative societies. Membership is open to any organization organized and operated on a nonprofit cooperative basis.

Its activities consist of uniting nonprofit consumer cooperative societies; encouraging and assisting in the formation of local cooperatives; educating the public on the principles and methods of cooperation; carrying on technical training for cooperative advisors, workers, and administrators; collecting and publishing information on cooperatives and allied subjects; holding a national congress of delegates from member societies; and maintaining a service of research and information on legislation affecting cooperatives.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of nonprofit business leagues whose earnings do not inure to private individuals.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.

The association is engaged in activities promoting the cooperative method of doing business. It promotes the common business interest. Accordingly, the association qualifies for exemption from Federal income tax under section 501(c)(6) of the Code.

An organization which considers itself within the scope of this Revenue Ruling must, in order to establish exemption under section 501(c)(6) of the Code, file an application on Form 1024, Exemption Application, with the District Director of Internal

Revenue for the internal revenue district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.